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## JSS Pensions Administration

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Polaris House, North Star Avenue, Swindon, Wiltshire, SN2 1UY

# Information for Research Councils' Pension Scheme Members

## Buying Added Pension ANNUAL REMINDER AND DEADLINE DATES

If you are in **classic**, **classic plus**, **premium** or **nuvos**, you may choose to buy added pension to top up your pension benefits. You can buy added pension by making monthly contributions from your pay and/or by paying in a lump sum.

**Read the added pension leaflet** – available on the Civil Service Pensions website:

<http://www.civilservice.gov.uk/pensions>. See the **calculator on the Civil Service Pensions website** to see how much you can buy and how much it will cost: <http://www.civilservice.gov.uk/pensions> (under 'calculators'). Application forms can be found on the JSS website using the following link:

<http://jsspensions.nerc.ac.uk/members/increasing.asp>

### Deadlines

**Paying by lump sum:** You can make one lump sum payment at any time in the year through your salary. If you would like to make a payment in the 2014-15 scheme year, you must send the completed application form and payment to JSS by **20 February 2015**. Your payroll needs to be told in time to deduct the money from your March salary. If your application reaches the JSS after this date it is possible it might not be processed in the current scheme year.

If you would like to make a lump sum payment other than through your salary, (i.e. by cheque) please contact JSS as soon as possible before the **20 February deadline**. Cheques provided to JSS should be made payable to "**The Research Councils Superannuation Account**".

Cheques need to be received by JSS by **20th March** at the latest to ensure clearance of the payment in the current financial year.

**Added pension by monthly contributions:** If you would like to buy added pension by monthly contributions for scheme year 2015-16, you must send the completed application form to JSS by **20 March 2015** so that they have time to instruct your payroll to start making deductions from your April salary. If your application reaches JSS after this date there is the possibility it will not be processed in time. You can either pay a set amount or a set percentage of your pensionable pay.

Application forms can be found on the JSS website on the JSS website using the following link:

<http://jsspensions.nerc.ac.uk/members/increasing.asp>

### Limit

The current amount of added pension you can buy is £4,880 for **classic** members and £6,100 for **premium, classic plus** and **nuvos** members.

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### **Tax Relief**

You will receive tax relief on contributions made through payroll. So a contribution of, say, £100 would have a net cost to you of £80 if you pay income tax at standard rate (or £60 if you pay tax at the 40% rate).

**Please note** that any increase in the value of your pension above the Annual Allowance is taxable.

The Annual Allowance is the limit at which someone's pension benefits can grow from one year to the next without incurring a tax liability. The current Annual Allowance limit is £40,000. Annual Allowance for the RCPS is measured across an input period; this is 1<sup>st</sup> Jan to 31 Dec.

The Annual Allowance is calculated by taking the value of the pension at the end of the period and multiplying it by 16 and adding any applicable lump sum. This is then deducted from the following; the pension at the start of the period multiplied by 16 and increased for inflation (using CPI) adding any applicable lump sum.

Here are two examples illustrating the amount of Annual Allowance used between 1 Jan 2012 and 31 Dec 2013:

A Nuvos member has a pension of £30k as at 31 Dec 2012. The pension as at 31 Dec 2013 had increased to £34k. The rate of CPI at Sep 2011 was 5.1%. The annual allowance during this period was £50,000.

| Value at end of period | Value at start of period | Allowance Used                           |
|------------------------|--------------------------|--|
| 34,000 x 16            | 30,000 x 16 x 5.1%       | 544,000 – 504,480                        |
| = 544,000              | = 504,480                | = 39,520 <b>(10,480 below the limit)</b> |

*In this example the member has scope to buy Added Pension*

A Classic member has a pension of £25k and lump sum of £75k as at 31 Dec 2012. The pension as at 31 Dec 2013 had increased to £29k with a lump sum of £87k. The rate of CPI at Sep 2011 was 5.1%.

| Value at end of period | Value at start of period   | Allowance Used                         |
|------------------------|----------------------------|--|
| 29,000 x 16 + 87,000   | 25,000 x 16 x 5.1% + 75000 | 551,000 – 495,400                      |
| = 551,000              | = 495,400                  | = 55600 <b>(5,600 above the limit)</b> |

*In this example the member would incur a tax charge if they bought Added Pension*

For further information about the Annual Allowance, please see the HMRC website [www.hmrc.gov.uk](http://www.hmrc.gov.uk).

### **How much added pension can I afford?**

Please see the added pension calculator on [www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions) (under 'Calculators'), which illustrates the costs. If you cannot access the calculator, contact JSS.

### **Index Linking**

The amount of added pension you buy will be increased each year. It will be increased at the end of each scheme year (31 March) by the amount of the Consumer Price Index at September in the previous year.

### **New Entrants**

If you have joined your organisation in the last 12 months, please contact JSS about your eligibility to buy added pension.

**JSS - Contact details**

E-mail: [JSS.members@bbsrc.ac.uk](mailto:JSS.members@bbsrc.ac.uk)

Direct line: 01793 411948